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4 January 1963

Conv. No. C. 4

## CENTRAL

# INTELLIGENCE

## BULLETIN



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State Dept. review completed

GROUP 1
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4 January 1963

## CENTRAL INTELLIGENCE BULLETIN

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\*East-West Germany: On the eve of its party congress, the first since the Berlin Wall, the East German regime has revived its 1960 proposal for a carefully phased confederative union with the Federal Republic.

In an editorial signed by its deputy editor, Neues Deutschland on 3 January called for "compromises in the solution of the German question on the lines of the policy of understanding in the Caribbean area."

Starting with the assumption that the end of the Adenauer era removes one bar to reunification, the editorial suggests that Ulbricht need not be an impediment to closer East-West German relations.

The editorial follows Khrushchev's 24 December letter to Adenauer in which he charged that the chancellor alone of the world's leaders failed to grasp the significance of Cuba. Neues Deutschland claims that Bonn must conclude that "the policy of strength has come to an end and it has become unavoidable to adjust oneself to peaceful coexistence between the two German states." It argues that "the most suitable form of realizing peaceful coexistence in Germany is a confederation of the two German states which might also be joined by a free city of West Berlin."

Finally it concludes that existing trade relations between East and West Germany provide a basis for rapprochement between the two governments. Consistent with the bloc's post-Cuba line, Neues Deutschland pays only perfunctory attention to the question of a peace treaty.

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Laos: The Pathet Lao leadership appears to be split over the tactics to be used to win control of Laos.

A "soft-line" faction led by Prince Souphannouvong is opposed by a "hard-line" group, whose spokesman is Minister of Information Phoumi Vongvichit but whose real leaders are probably long-time Communists Nouhak Phoumsavan and Kaysone Phomvihan.

Souphannouvong reportedly holds that the Pathet Lao should follow Soviet advice and try to win Laos through political means, without resorting to warfare. Armed force should be used only in response to a rightist military initiative.

The more militant faction, convinced that a victory by political means would be long delayed at best, maintains that the Pathet Lao should use its superior military strength to impose its control.

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Peru: Communist groups in Peru are joining forces to carry out further violence and subversion.

The US Embassy at Lima states that it has new evidence that the main Peruvian Communist splinter groups have set aside the differences which in the past have prevented them from taking joint action. They now appear to have accepted the extreme revolutionary views of the more activist Trotskyites. Cubans and other Latin American nationals, as well as Peruvians, trained in subversion by Havana and Moscow, are believed to have been instrumental in this development.

The governing junta apparently plans to deploy federal troops in areas of rural unrest, but it remains unclear whether the junta is genuinely prepared to take forceful measures against the Communists to prevent further outbreaks. The government is aware of the Communist activity but has publicly placed responsibility for recent disorders on the APRA party.

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The United States Intelligence Board, on 3 January 1963, approved the following national intelligence estimate:

NIE 24-63: "Implications of the Center-Left Experiment in Italy"

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DAILY BRIEF

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